ACO/DCS

April 27, 2016

Sabrena Bancroft
ATC/Vancom of North Carolina, Inc.
320 East Friendly Avenue
Greensboro, NC 27401

Re: **ATC/Vancom of North Carolina, Inc. Greensboro Employees' Retirement Plan**

Dear Sabrena:

Based on information provided by you and/or your advisors, we have prepared the January 1, 2016 Actuarial Valuation for the Plan Year January 1, 2016 to December 31, 2016. A copy of the valuation is enclosed.

Recommended Contribution:

Please review the valuation carefully with particular attention to the Management Summary Page. The recommended funding contribution for this plan year is **$500,000**.

Contribution Range:

Under the funding rules of ERISA and the Pension Protection Act, contributions must be at least equal to the minimum required contribution under IRC 430 but not in excess of the maximum contribution as defined in IRC 404.

- minimum required contribution as of 1/1/2016 $453,262
  (prior to the application of Carryover/Prefunding Balance)
- minimum required contribution as of 1/1/2016 $452,155
  (after the application of Carryover/Prefunding Balance)
- maximum allowable contribution $7,186,482

Note: Carryover Balance and Prefunding Balances as of 1/1/2016 are $0 and $1,107 respectively.

If you wish to make the minimum contribution, the amount must be adjusted for interest at the plan's effective rate from the date shown above to the actual date the contribution is made and you must actively elect to apply the Carryover and/or Prefunding Balance by signing an election form. Please let us know the date you plan to make the contribution and we will calculate the minimum contribution as of that date and prepare the appropriate election form for you.

If you chose to make the maximum contribution or a contribution significantly in excess of the recommended contribution, please be aware that contributions in excess of the recommended amount may limit your ability to contribute in future years or may result in the accumulation of assets in excess of the amount which can be distributed on a tax-favored basis. Please consult with your tax advisor and ACO/DCS before making this contribution.

Quarterly Contribution Requirements:

Your plan is **NOT** subject to the quarterly contribution requirements for this Plan Year. The recommended quarterly contributions and the dates are listed below.

Contribution Date	Recommended Amount
01/15/2016	$120,000
04/15/2016	$120,000
07/15/2016	$130,000
10/15/2016	$130,000

Please note that the final contribution deadline for meeting minimum funding standards this plan year is **September 15, 2017**.

AFTAP:

The Plan's AFTAP for this Plan Year is greater than 80% and thus there are no restrictions on the distributions, or the purchases of annuities. Please refer to the AFTAP Certification included in the valuation report for details.

Upcoming Retiree Summary

The following participants reached or will reach Normal Retirement Date within the next 18 months and thus become eligible to receive their benefits. You may wish to contact these participants to inform them of their pending eligibility. Upon your request, we will prepare benefit calculations showing their options under the Plan.

	Normal Retirement Date
• Bluford Thompson Sr,	02/01/2017
• Rufus Taylor	04/01/2017
• Larry Brawley	06/01/2017
• William Ellis	07/01/2017

Fidelity Bond:

ERISA requires plan trustees to maintain a fidelity bond with a coverage amount equal to at least 10% of the plan assets. Your current fidelity bond coverage of $1,000,000 should be sufficient for this plan year.

This report provides actuarial calculations. It does not constitute legal, accounting, tax or investment advice. Please consult with qualified advisors in these areas with respect to these and other non-actuarial matters.

If you have any questions, please feel free to call.

Sincerely,

Panrong Xiao

Panrong Xiao, MAAA, EA

Enc:

ACO/DCS

AFTAP Certification

ATC/Vancom of North Carolina, Inc. Greensboro Employees' Retirement Plan

Plan Year Beginning 01/01/2016

At the request of the plan administrator, we have completed this certification of the Plan's AFTAP (Adjusted Funding Target Attainment Percentage). The requirements of ERISA (Employee Retirement Income Security Act of 1974) as amended by PPA (Pension Protection Act of 2006) as they pertain to qualified defined benefit pension plans are addressed in this certification.

(a)	Development of Preliminary AFTAP before waivers		
	(i)	Actuarial assets	4,838,169
	(ii)	Funding Standard Carryover Balance (FSCB)	0
	(iii)	Prefunding Balance (PFB)	1,107
	(iv)	Not-at-risk funding liability	4,876,738
	(v)	Non-HCE annuity purchases in last 2 years	1,119,370
	(vi)	Preliminary AFTAP: ((i)-(ii)-(iii)+(v))/((iv)+(v))	99.34%
	(vii)	Funded Ratio: (i)/(iv)	99.21%
(b)	Transition percentage		100.00%
(c)	Credit balance(s) waived to avoid benefit restrictions, if possible		0
(d)	AFTAP after benefit restriction waivers		
	(i)	FSCB after benefit restriction waivers	0
	(ii)	PFB after benefit restriction waivers	1,107
	(iii)	AFTAP after benefit restriction waivers: if (a)(vii)>=(b), ((a)(i)+(a)(v))/((a)(iv)+(a)(v)), else ((a)(i)-(i)-(ii)+(a)(v))/((a)(iv)+(a)(v))	99.34%

An AFTAP at or above 80% means that the plan is not subject to benefit restrictions for the current plan year and that the participants can continue to accrue benefits as well as elect to receive lump sum benefits if the plan permits their election.

The determination of the contributions levels and the measurement of the plan liabilities for the plan year ending 12/31/2016 are based upon the data, plan provisions, actuarial methods and assumptions detailed in the Actuarial Assumptions and the Summary of Plan Provisions sections of your valuation report prepared as of 1/1/2016, and our understanding of the provisions of the Moving Ahead for Progress in the 21st Century legislation (MAP-21) and the Highway and Transportation Funding Act (HATFA-14).

Panrong Xiao

Panrong Xiao, EA, MAAA
Enrollment Number 14-07551

4/27/2016
Date

ATC/VANCOM OF NORTH CAROLINA, INC.
GREENSBORO EMPLOYEES' RETIREMENT PLAN

UNDER HATFA

ACTUARIAL VALUATION REPORT FOR THE PLAN YEAR BEGINNING 1/1/2016

CONTENTS

Disclosure: This report may contain information that is considered a covered opinion under Part 10, Title 31 of the Code of Federal Regulations. Nothing in this report is intended or may be relied on for purposes of avoiding penalties under the Internal Revenue Code of 1986 as amended. This report or any part thereof may not be used to promote or recommend any Federal tax transaction or arrangement or be shared, without our written consent, with any party other than the party to which it is addressed, its advisors and those other parties required by law. Specific tax advice based on your particular circumstances should be obtained from an independent tax advisor before taking any action on any Federal tax matter discussed in this report.

SECTION 1: MANAGEMENT SUMMARY

EXECUTIVE SUMMARY

Valuation Date: January 1, 2016

MAP-21: Pension Plan Funding Stabilization under MAP-21 smoothes segment rates by calculating each rate based on the average of that segment rate over 25 years — a much longer period than the two-year period previously used to determine segment rates. It reduces the adverse impact of historically low interest rates on the three segment rates (corporate-bond interest rates) used to calculate funding liabilities.

HATFA: The Highway and Transportation Funding Act (HATFA-14) provides funding for the Highway Trust Fund on a short-term basis (through May 2016).

Budgetary Contribution: The recommended contribution is $500,000.

Minimum IRC 430 Contribution: The minimum required contribution for this year is $481,682.

Maximum IRC 404 Contribution: The maximum deductible contribution for this year is $7,186,482.

Analysis Basis: Costs and benefits shown in this report reflect plan status with the assumption the plan is ongoing. Individual or plan-wide termination calculations must be separately determined.

ACTUARIAL CERTIFICATION

This report addresses requirements of ERISA[1] and the IRS[2] as they apply to qualified defined benefit pension plans.

Financial disclosure information to satisfy requirements set forth by the FASB[3] in ASC No. 715 is provided in a separate report.

The determination of the investment fund contribution levels and the measurement of the plan liabilities for the plan year beginning 1/1/2016 are based upon the actuarial methods and assumptions detailed in this report.

The minimum required contribution amount this year is $481,682. This contribution is the minimum amount, which, in the opinion of the actuary, should be contributed to the investment fund in order to fully comply with ERISA and IRS rules and regulations.

These determinations are supported on the assets, liabilities and costs reports. Data concerning employees, assets and plan provisions have been provided by the plan sponsor and trustees. While we have reviewed this material for accuracy, we must finally rely upon others for such source data. Questions concerning the results of this valuation should be referred to the actuary.

The plan's AFTAP for the plan year is 99.34%. This means that the plan is not subject to benefit restrictions for the current plan year and the participants can continue to accrue benefits and elect to receive full lump sum benefits if the plan permits their election.

In my opinion this valuation fully and fairly discloses the actuarial position of the plan and has been prepared using reasonable actuarial methods and assumptions. We are not aware of any relationship, including investments or other services that could create a conflict-of-interest that would impair our objectivity.

I, Panrong Xiao, am an Actuary for ACO/DCS. I am a member of the American Academy of Actuaries, an Enrolled Actuary under the Employee Retirement Income Security Act (ERISA). I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Panrong Xiao

4/27/2016

Panrong Xiao, MAAA, EA
Enrolled Actuary Number 14-07551

Date

1. Employee Retirement Income Security Act of 1974
2. Internal Revenue Service
3. Financial Accounting Standard Board

SECTION 2: FUNDING EXHIBITS

DEVELOPMENT OF FUNDING TARGET

1. More than 500 participants in controlled group in prior year?	No
2. Prior year funding target attainment percentage	
(a) Not-at-risk	100.41%
(b) At-risk	100.41%
3. Funding target benchmark percentage	80%
4. At-risk status	
(a) Current year: If (1) and (2)(a)<(3) and (2)(b)<70%	No
(b) At-risk current year and 2 of preceding 4 years? (If yes, loads apply)	No
5. Funding not-at-risk liability	
(a) Funding liability	
(i) Retirees and benef. receiving payments	0
(ii) Terminated vested participants	1,160,524
(iii) Active participants, vested liability	3,649,859
(iv) Active participants, total liability	3,716,214
(v) Total liability: (i)+(ii)+(iv)	4,876,738
(b) Normal cost before adjustments	446,707
(c) Expenses included in Normal Cost	0
(d) Normal cost: (b)+(c)	446,707
6. Funding at-risk liability	
(a) Funding at-risk liability	
(i) Retirees and benef. receiving payments	0
(ii) Terminated vested participants	1,160,524
(iii) Active participants, vested liability	3,649,859
(iv) Active participants, total liability	3,716,214
(v) Total liability: (i)+(ii)+(iv)	4,876,738
(b) Number of plan participants	192
(c) Per-participant load: $700 x (b)	N/A
(d) Liability load: 4% of (5)(a)(v)	N/A
(e) Funding loaded at-risk liability: (a)(v)+(c)+(d), not less than (5)(a)(v)	4,876,738
(f) Preliminary at-risk normal cost (adj. for expenses)	446,707
(g) Normal cost load: 4% of (5)(b)	N/A
(h) Loaded at-risk normal cost:(f)+(g), not less than (5)(d)	446,707
7. Funding target	
(a) Number of consecutive years at-risk (max 5)	0
(b) Transition percentage: 20% of (a)	0%
(c) Funding target: (5)(a)(v)+[(b)x((6)(e)-(5)(a)(v))]	$4,876,738
(d) Target normal cost: (5)(d)+[(b)x((6)(h)-(5)(d))]	$446,707

DEVELOPMENT OF SHORTFALL AMORTIZATION CHARGE

1. 1st segment rate	4.43%
2nd segment rate	5.91%
2. Funding target	4,876,738
3. Adjusted plan assets	
(a) Actuarial assets	4,838,169
(b) Funding Standard Carryover Balance	0
(c) Prefunding Balance (PFB)	1,107
(d) Adjusted assets: (a)-(b)-(c), min 0	4,837,062
4. Funding shortfall: (2)-(3)(d), min 0	39,676
5. Current shortfall amortization installments	
(a) Annual installments	
(1) 6 years remaining	0
(2i) 5 years remaining	0
(3) 4 years remaining	0
(4) 3 years remaining	0
(5) 2 years remaining	0
(6) 1 year remaining	0
(b) Total annual installments	0
(c) Present value of annual installments	
(1) 6 years remaining	0
(2i) 5 years remaining	0
(3) 4 years remaining	0
(4) 3 years remaining	0
(5) 2 years remaining	0
(6) 1 year remaining	0
(d) Total present value of annual installments	0
6. Exemption from new shortfall amortization base	
(a) Target liability percentage	100%
(b) Shortfall funding target: (2)x(a)	4,876,738
(c) Prefunding Balance if used to reduce the Minimum Required Contribution, else 0	0
(d) Exempt?: [(3)(a)-(c)]>=(b)	No
7. Shortfall amortization base	
(a) Adjusted funding shortfall: (6)(b)-(3)(d), min 0	39,676
(b) New current year base: (a)-(5)(d), or 0 if exempt	39,676
(c) New 7-year installment amount	6,555
8. Shortfall amortization charge: (5)(b)+(7)(c), min 0	$6,555

DEVELOPMENT OF CREDIT BALANCES

1. Waived credit balance(s) to avoid benefit restrictions	
(a) Adjusted Funding Target Attainment Percentage before waivers	
(i) Actuarial assets	4,838,169
(ii) Funding Standard Carryover Balance (FSCB)	0
(iii) Prefunding Balance (PFB)	1,107
(iv) Not-at-risk funding liability	4,876,738
(v) Non-HCE annuity purchases in last 2 years	1,119,370
(vi) Preliminary AFTAP: ((i)-(ii)-(iii)+(v))/((iv)+(v))	99.34%
(vii) Funded Ratio: (i)/(iv)	99.21%
(b) Transition percentage	100.00%
(c) Credit balance(s) waived to avoid benefit restrictions, if possible	0
(d) AFTAP after benefit restriction waivers	
(i) FSCB after benefit restriction waivers	0
(ii) PFB after benefit restriction waivers	1,107
(iii) AFTAP after benefit restriction waivers: if (a)(vii)>=(b), ((a)(i)+(a)(v))/((a)(iv)+(a)(v)), else ((a)(i)-(i)-(ii)+(a)(v))/((a)(iv)+(a)(v))	99.34%
2. Waived credit balance(s) to avoid At-Risk status	
(a) Not-at-Risk Funding Target Attainment Percentage (NAR FTAP) before waivers to avoid At-Risk status: ((1)(a)(i)-(1)(d)(i)-(1)(d)(ii))/(1)(a)(iv)	99.34%
(b) At-Risk Funding Target Attainment Percentage (AR FTAP) before waivers to avoid At-Risk status	
(i) At-risk funding target, excluding loads	4,876,738
(ii) Preliminary AR FTAP: ((1)(a)(i)-(1)(d)(i)-(1)(d)(ii))/(i)	99.34%
(c) Funding Target Benefit percentage for following year	80.00%
(d) At-Risk in following year? Yes if (a)<(c), (b)(ii)<70%, and >500 participants	No
(e) Credit balance(s) waived to avoid At-Risk status, if possible	0
(f) FTAPs after waivers	
(i) FSCB after waivers	0
(ii) PFB after waivers	1,107
(iii) NAR FTAP: ((1)(a)(i)-(i)-(ii))/(1)(a)(iv)	99.34%
(iv) AR FTAP: ((1)(a)(i)-(i)-(ii))/(b)(i)	99.34%
3. Funding Standard Carryover Balance	
(a) FSCB at January 1, 2015	0
(b) Waived FSCB balance	0
(c) FSCB after waivers: (a)-(b)	0
(d) FSCB applied to minimum required contributions	0
(e) FSCB at December 31, 2015 before investment return: (c)-(d)	$0
4. Prefunding Balance	$1,107

SUMMARY OF MINIMUM REQUIRED CONTRIBUTION LIMITS

1. Effective interest rate	6.27%
2. Target normal cost	$446,707
3. Shortfall amortization charge	6,555
4. Credit for excess assets	
(a) Adjusted Assets	4,837,062
(b) Funding Target	4,876,738
(c) Excess assets: (a)-(b), not less than 0	0
5. Preliminary minimum required contribution (MRC): (2)+(3)-(4)(c), not less than 0	$453,262
6. Credit balances	
(a) Eligible to apply against MRC?: Yes if prior year funded ratio >= 80%	Yes
(b) Funding Standard Carryover Balance (FSCB)	0
(c) Elected to apply FSCB against MRC?	No
(d) Prefunding Balance (PFB)	1,107
(e) Elected to apply PFB against MRC?	No
(f) Balances eligible to apply against MRC: (b)+(d) if eligible and elected	1,107
7. MRC adjusted for credit balances, if applied: (5)-(6)(f), not less than 0	$453,262
8. Required quarterly contributions	
(a) Quarterlies required?: Yes if prior year funding shortfall	No
(b) Prior year applicable MRC	0
(c) Current year MRC: (5)	453,262
(d) Required annual payment: lesser of (b) and 90% of (c), if applicable	0
(e) Required installment: 25% of (d)	0
9. Employer contributions	
(a) Contributions in schedule, if any, through beginning of year	0
(b) Other contributions	481,682
(c) Total employer contributions: (a)+(b)	$481,682
(d) Total conts. discounted to beginning of year	$453,262

SUMMARY OF MAXIMUM TAX DEDUCTIBLE CONTRIBUTION LIMITS

1. Max tax UC funding target	$6,501,034
2. Max tax UC target normal cost	602,709
3. Cushion amount	
(a) 50% of funding target: 50% of (1)	3,250,517
(b) Expected benefit increases	
(i) Max tax PUC not-at-risk liability	8,171,425
(ii) Max tax PUC at-risk liability	8,171,425
(iii) Per-participant load	N/A
(iv) Liability load: 4% of (i)	N/A
(v) Max tax PUC loaded at-risk liability: (ii)+(iii)+(iv), not less than (i)	8,171,425
(vi) Transition percentage	0.00%
(vii) Max tax PUC funding target: (i)+[(vi)x((v)-(i))]	8,171,425
(c) Cushion amount: (a)+(b)(vii)-(1)	4,920,908
4. Actuarial value of assets	4,838,169
5. Preliminary limit: (1)+(2)+(3)(c)-(4), not less than 0	7,186,482
6. Maximum if not at-risk	
(a) Max tax UC at-risk liability	6,501,034
(b) Max tax UC at-risk normal cost (incl. expenses)	602,709
(c) Maximum if not at-risk: (a)+(b)-(4), not less than 0	2,265,574
7. Minimum required contribution	481,682
8. Maximum tax deductible contribution: max of (5),(6) and (7)	$7,186,482

DEVELOPMENT OF EMPLOYER CONTRIBUTION

1. Preliminary funding policy contribution	$481,682
2. Additional contribution	0
3. Funding policy contribution: (1)+(2), not less than 0	481,682
4. Statutory constraints	
(a) Minimum contribution	481,682
(b) Maximum contribution	7,186,482
(c) Adjustment to statutory constraints	0
5. Employer contribution: (3)+(4)(c)	$481,682

Development of Market Value of Assets

1. Fair Market Value as of January 1, 2015	4,844,002
2. Employer Contributions Receivable for Prior Plan Year	0
3. Fair Market Value as of January 1, 2015	4,844,002
4. Additional Employer Contributions Made in Current Plan Year	490,000
5. Earnings	(142,696)
6. Distributions	
A: Periodic Payments	0
B: Annuity Purchase	575,228
7. Expenses	0
8. Fair Market Value as of December 31, 2015	4,616,078
9. Employer Contributions Receivable Discounted to Valuation Date	0
10. Total Market Value of Assets as of January 1, 2016	4,616,078

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Plan Year	1/1/2014- 12/31/2014	1/1/2015- 12/31/2015	1/1/2016
1) Market Value on first day of Plan Year	4,518,746	4,844,002	4,616,078
Contribution During Year 1	490,000	490,000	
Benefits Paid Year 1	(575,228)	(575,228)	
Expenses Paid Year 1	0	0	
Expected Income Year 1	255,222	255,222	
Contribution During Year 2	505,000		
Benefits Paid Year 2	(544,142)		
Expenses Paid Year 2	0		
Expected Income Year 2	234,836		
2) Discounted Receivable Contribution as of BOY	0	0	0
3) Total Adjusted Assets	4,884,434	5,013,996	4,616,078
4) Final Value of Assets at Year End Including Receivable			4,616,078
5) Preliminary Three Year Average Value of Assets			4,838,169
6) 90% of Final Value			4,154,470
7) 110% of Final Value			5,077,686
8) Final Actuarial Assets (Item 5, but not less than Item 6 or more than Item 7)			4,838,169

SECTION 3: ACCOUNTING EXHIBITS

ASC 960: Statement of PVAB and Reconciliation from Prior Year

1. Actuarial present value of accrued plan benefits	
(a) Actuarial present value of vested benefits	
(i) Participants currently receiving benefits	$0
(ii) Participants entitled to deferred benefits	898,379
(iii) Other participants	2,860,177
(iv) Total	$3,758,556
(b) Actuarial present value of nonvested benefits	51,384
(c) Actuarial present value of accrued plan benefits: (a)(iv)+(b)	$3,809,940
(d) ASC 960 discount rate for accrued plan benefits	7.50%
2. ASC 960 market value of assets	4,616,078
3. Unfunded PVAB (Surplus assets): (1)(c)-(2)	(806,138)
4. Funded percentage: (2)/(1)(c)	121%
5. Changes in present value	
(a) PVAB as of January 1, 2015	3,832,702
(b) Changes due to:	
(i) Decrease in discount period at 7.50%	265,882
(ii) Benefits paid	($575,228)
(iii) Assumption changes	0
(iv) Plan amendments	0
(v) Additional benefits earned, including experience gains and losses	286,584
(vi) Total change	($22,762)
(c) PVAB as of January 1, 2016: (a)+(b)(vi)	$3,809,940

SECTION 4: BASIS OF VALUATION

PARTICIPANT RECONCILIATION

	Active	Vested Term	Retired	Disabled	Total
Participants in 1/1/2015 Valuation	131	42	0	1	174
Vested Term	(9)	9	-	-	0
Non-Vested Term	(2)	-	-	-	(2)
Paid Out	(4)	(1)	0	0	(5)
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
New Participants	25	-	-	-	25
Died	0	0	0	0	0
Data Adjustment	0	0	0	0	0
Participants in 1/1/2016 Valuation	141	50	0	1	192

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method – PPA

Contributions are based on plan's Funding Target. The minimum required contribution is the sum of target normal cost plus a 7-year amortization of unfunded funding target liability of the plan. Elections have been made to include a 15-year amortization of unfunded target liability for 2011.

Actuarial Assumptions

INTEREST RATES:	FOR MINIMUM REQUIRED CONTRIBUTIONS:
	Effective 6.26%
	Tier 1 Segment Rate 4.43%
	Tier 2 Segment Rate 5.91%
	Tier 3 Segment Rate 6.65%
	FOR MAXIMUM TAX DEDUCTIBLE CONTRIBUTIONS:
	Tier 1 Segment Rate 1.41%
	Tier 2 Segment Rate 3.96%
	Tier 3 Segment Rate 4.97%
	ASC 960 .... 7.50%
MORTALITY:	Valuation .... 2016 PPA Funding Table
	ASC 960 .... 1994 GAM Tables
ASSET METHOD:	Actuarial Value of Assets under IRC Section 430(g)(3)(B)
SALARY SCALE:	3.5%
TURNOVER:	T-3
DISABILITY:	1952 Disability Table, Period 2, Benefit 5, with a six month waiting period
RETIREMENT:	The following table of retirement factors was used:

Age	Percent Retiring
65	100%

OTHER PARAMETERS:

	Male	Female
Fraction of married participants	80%	80%
Age difference between plan participant and beneficiary	+3	-3

SUMMARY OF PLAN PROVISIONS

Plan Sponsor:	ATC/Vancom of North Carolina, Inc.
Effective Date:	January 1, 1992
Plan Year:	January 1 through December 31
Eligibility:	Any Eligible Employee who has completed 3 months of service and has attained age 21 shall be eligible to participate hereunder as of the date he/she has satisfied such requirements.
Years of Service:	The Plan Year during which an Employee has at least 1000 Hours of Service.
Vesting schedule:	

Years of Service	Percentage
Fewer than 5	0%
5	100%

Benefit Service:	Years of Service up to 30 years.
Average Monthly Compensation:	The average monthly compensation is one-twelfth of the highest five consecutive Plan Year average salary starting from the date of participation.
Final Average Compensation:	The average monthly compensation over three consecutive plan years ending with the date of determination, excluding compensation in excess of the Social Security Taxable Wage Base in effect at the beginning of the plan year.
Retirement Benefit:	2% of Average Monthly Compensation multiplied by the total number of Years of Service (up to 30), offset by 0.75% of Final Average Compensation not in excess of one-twelfth of Covered Compensation multiplied by the total number of Years of Service, computed to the nearest cent, and offset by the vested accrued benefit, if any, under the Duke Plan before October 7, 1991. Covered Compensation is determined based on the calendar year in which the participant attains Social Security Retirement Age. The minimum monthly benefit is $15 multiplied by Years of Service. **The benefit was frozen for the Non-Union group as of 6/30/2012.**

SUMMARY OF PLAN PROVISIONS (CONT)

Normal Retirement Date: First day of the month coinciding with or next following age 65.

Early Retirement Date: First day of the month coinciding with or next following the date on which a Participant or Former Participant attains age 55 and has completed at least 10 Years of Service with the Employer. A Participant shall become fully vested upon satisfying this requirement if still employed at Early Retirement Age.

Early Retirement Benefit: The benefit is unreduced for retirement after age 60, and is reduced by one-half of one percent for each month the Participant's early retirement date precedes the participants 60^{th} birthday.

Disability Retirement Benefit:

(a) If a Participant becomes Totally and Permanently Disabled prior to retirement or separation from service, and such condition continues for a period of six (6) consecutive months and by reason thereof such Participant's status as an Employee ceases, then the said disabled Participant shall be entitled to receive the Early Retirement Benefit without regard to age and service requirement.

(b) The above benefit shall be computed as of the Anniversary Date subsequent to termination of employment.

(c) In the event of the Terminated Participant's Total and Permanent Disability subsequent to termination of employment, the terminated Participant shall receive the Actuarial Equivalent of such Terminated Participant's Vested Accrued Benefit as though the Terminated Participant had retired.

The offset reduction will not be applicable to the disability benefit prior to the participant's drawing the Social Security Disability Benefit.

The disability benefit cannot be less than $15 for each year of service, and also cannot be less than $150 per month.

SUMMARY OF PLAN PROVISIONS (CONT)

Death Benefit: The minimum spouse's death benefit, if vested and if married, no benefit otherwise. The minimum spouse's benefit is based on a 50% Joint and Survivor Annuity calculated using the greater of the Average Monthly Compensation at date of death or the monthly base rate of compensation for the participant increase by one-twelfth of the amount of overtime, performance bonuses and commissions actually earned by the participant in the Plan Year preceding the date of death. The service used in the calculation will be based on the deceased participant's expected service at age 65.

Normal Form of Payment: Annuity payable for the life of the participant.

Optional Forms: Life Annuity with 50% Joint and Survivor; Life Annuity with 75% Joint and Survivor; Life Annuity with 100% Joint and Survivor and Life annuity with 60, 120, or 180 months of payments guaranteed.

Actuarial Equivalence: Optional forms of benefit are determined using the 1983 Group Annuity Mortality Table and an 8% interest rate.

Lump sums for de minimus benefits are determined using the mortality table specified by the Secretary of the Treasury and the applicable interest rate determined on the first day of the plan year.

Glossary

Actuarial Gain or Loss: From one plan year to the next, if the experience of the plan differs from that anticipated using the actuarial assumptions, or if valuation interest rates change, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust earned 12% for the year while the assumed rate of return used in the valuation was 8%.

Under the PPA, treatment of the gain and loss varies based on the funded status of the plan. If at the beginning of a plan year, the plan has a Funding Target of less than 100%, actuarial gains and losses flow into the Funding Shortfall Amortization Base for that year. If a plan is 100% or more funded, gains and losses may directly impact the current year's required contribution.

Actuarial Value of Assets: These are usually the market value of assets. However, there exists a limited ability to smooth fluctuations in the value of assets used in determining contributions. When a systematic method of using valuation assets different from the market value is used, the actuarial value of assets cannot exceed 110% of the market value of assets, and cannot be less than 90% of the market value of assets.

Adjusted Assets: The Actuarial Value of Assets minus Carryover and Pre-funding Balances.

Adjusted Funding Target Attainment Percentage (AFTAP): This is the ratio of the value of Adjusted Assets for the year to the Funding Target of the plan for the plan year. It is referred to as the AFTAP. The "Adjusted Funding Target Attainment Percentage" reflects plan assets and Funding Target liabilities (as increased by the aggregate amount of annuity purchases made for nonhighly compensated employees by the plan during the preceding two plan years, if any).

The AFTAP is important since it determines limitations or restrictions on the benefits that can be accrued or paid under a plan. In general, the rules are as follows:

AFTAP	Benefit Limitations/Restrictions
80% or more	None
60% but less than 80%	Lump sums and other accelerated payments are limited.
Less than 60%	Benefit accruals cease and accelerated payments cannot be made.

Glossary (Cont)

At Risk Plans:

Plans that are at risk are subject to additional contribution requirements. To be at risk, a plan must meet two requirements. The first is to have a Funding Target Attainment Percentage of less than 70%, calculated on special assumptions, and the second is to have a standard Funding Target Attainment Percentage less than the percentage shown in the following table.

Plan Year of FTAP	FTAP to be at risk
2008	< 65%
2009	< 70%
2010	< 75%
2011	< 80%

Carryover Balance:

The Carryover Balance is the balance in the pre-PPA Funding Standard Account at the end of the 2007 plan year, adjusted with interest and waivers.

Effective Rate of Interest:

The effective rate of interest is the single interest rate that produces the same present value of future benefit payments when applied to the plan's future benefit payments that is produced by the three tier or yield curve interest rates required to be used for funding under the PPA.

Funding Shortfall:

This amount is calculated on the valuation date. It is the excess of the plan's Funding Target for the plan year over the value of plan assets (reduced by any Carryover or Pre-Funding Balance) which are held by the plan on the valuation date. Contributions receivable may be included in the assets, but they must be discounted from the date of contribution to the valuation date using the plan's effective rate of interest.

Funding Shortfall Amortization Base:

On the first valuation date that PPA applies to a plan, the Funding Shortfall Amortization Base is equal to the Funding Shortfall. For plan years thereafter, the funding shortfall amortization base is equal to the Funding Shortfall reduced by the present value of Funding Shortfall Amortization Charges still outstanding from prior years.

GLOSSARY (CONT)

Funding Shortfall Amortization Charge: Each year's Funding Shortfall Amortization Base generates a Funding Shortfall Amortization Charge, which is the amount necessary to amortize the Funding Shortfall Amortization Base, in equal payments, over a period of seven years (fifteen years for 2009, 2010, and 2011, if elected) using that year's interest rates for the seven year period (or fifteen years, if elected).

Funding Target: This term is defined under the PPA as "the present value of all benefits accrued or earned under the plan as of the beginning of the plan year." Benefits that are required to be taken into account for purposes of the funding target include early retirement and lump sum settlement benefits. However, all benefits that have not yet accrued during the current plan year are not included in a plan's funding target.

Funding Target Attainment Percentage: This is the ratio of the value of plan assets for the year (as reduced by the Carryover and Pre-funding Balances) to the Funding Target of the plan for the plan year.

Minimum Required: This is the sum of the Target Normal Cost for the plan year, plus the Shortfall Amortization Charge (if any) for the plan for the plan year, plus the approved waiver amortization charge (if any) for the plan for the plan year.

Maximum Deductible Contribution: The maximum deductible contribution is equal to the Target Normal Cost increased by the difference between the sum of the Funding Target plus a cushion amount equal to 50% of the Funding Target reduced by the Actuarial Value of Assets.

The cushion amount is equal to 50% of the funding target plus an adjustment for future increases in benefits due to salary increases or benefit unit negotiations.

Normal Cost: This is computed differently under different actuarial cost methods. Under current law, it is the present value of all benefits expected to accrue or be earned under the plan during the plan year, including benefits attributable to service in a preceding year that are increased because of an increase in compensation during the current plan year.

Glossary (cont)

PPA: The Pension Protection Act of 2006. It defines the interest and mortality tables used to determine the value of the plan's Target Liability, and is designed to fully fund that liability in seven years. Thereafter, plans need to fund the value of benefits accruing in the current year plus a seven year amortization of some actuarial losses.

Prefunding Balance: This is the accumulated excess contributions over the required minimum contribution amounts determined under PPA rules for plan years beginning after 2007.

Present Value of Future Benefits: This is the present value of all benefits expected to be paid by the Plan. It is used in determining accounting expenses, but is not used in any calculations under PPA.

Present Value of Accumulated Benefits: This value is not dependent on the plan's actuarial cost method or funding assumptions, but rather computed in accordance with ASC 960. It is the present value of a participant's accrued benefit as of the valuation date, assuming the participant will earn no more credited service and will receive no future salary.

Present Value of Vested Benefits: This is the portion of the Present Value of Accumulated Benefits in which the employee has a vested interest if the employee were to separate from service with the employer on the valuation date.

Target Normal Cost: For any plan year, this is the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year. An increase in benefit during the year, resulting from an increase in compensation during the current plan year, shall be treated as accruing during the current plan year.

Waiver of Balances: A plan sponsor may elect to waive (reduce) a Carryover or a Pre-Funding Balance in order to increase the plan's AFTAP. Such waiver must be addressed in writing by the Plan Administrator to the plan's Enrolled Actuary. Once a waiver has been made, the waived portion of Carryover or a Pre-Funding Balance can never be used to reduce future contributions. The entire Carryover Balance must be waived before any Pre-Funding Balance can be waived.

Individual Benefit Statements Omitted